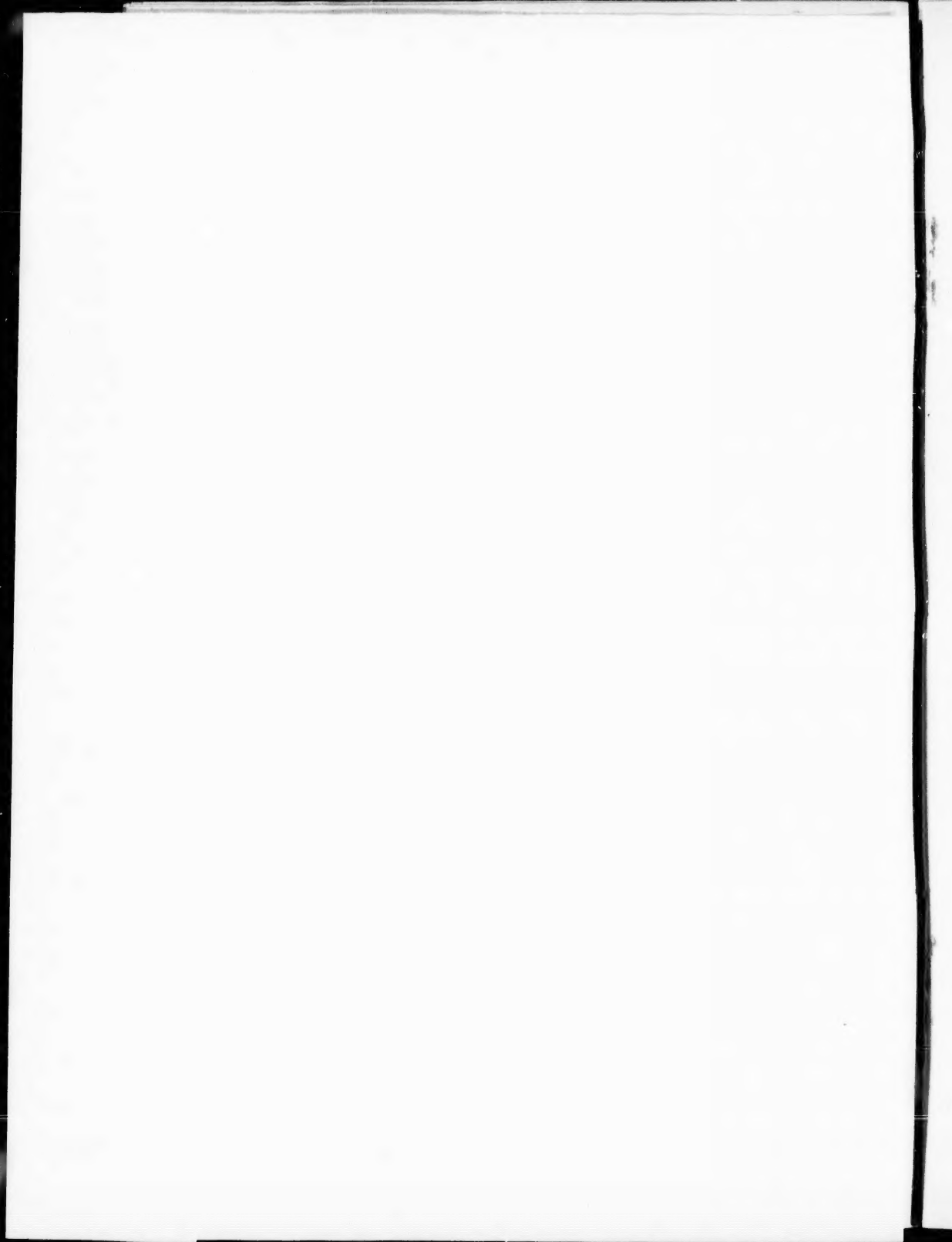




House of Commons Debates

FOURTH SESSION—SIXTH PARLIAMENT.

SPEECHES OF HON. EDWARD BLAKE, M.P.,

ON

MAIL CONTRACTS, &c.

TUESDAY, MAY 12TH, 1890.

Mr. BLAKE. It would be extremely unsatisfactory if the temporary service were to be less efficient than it was a while ago under the arrangement by which, I think, the *Vancouver* and another ship alternated with the faster ships of the Allan Line, so that we really got the benefit of the best ships that were on this particular voyage. Everybody knows that the Allan ships are getting more and more out of date, and slower, and we would be worse off than ever unless such an arrangement as that was made. My own impression is that there may be a great danger of our sacrificing the substance for the shadow in attempting to carry out the proposals of the hon. gentleman. I do not see any great advantage in obtaining ships capable of traversing the ocean at the rate of 20 knots, which is quite a different thing from doing a measured mile in the harbor, and unless we are able to utilise these 20-knot ocean liners at something approximating that speed for the whole voyage, there is great disadvantage in a 20-knot ship. Such a ship requires an enormous expenditure of engine power and fuel, she is very expensive to engine, she is very expensive to run, relatively, and she has but very little relative capacity for freight carrying, because her model and her requirements for storage of coal are such as disables her from extensive freight carrying. She is, therefore, an expensive ship to build, expensive to engine, expensive to run, and not profitable to carry freight. She derives her profits in carrying passengers of the highest class, at the best rate, and from carrying a certain high class of expensive freight up to a limited tonnage. Now, if you cannot take the speed out of her, it is unprofitable to engage in the service a ship of that description. There are two reasons why I fear we cannot expect to take the speed out of the ship. One is the climatic difficulty. I spoke a year or two ago with one of the principal owners of the Dominion Line, and he told me that the fast ship *Vancouver*, of which the Finance Minister has just spoken, had been two consecutive whole years running, during which she never had one chance, on either the inward or outward voyage, of

making her speed. Fog or something else had intervened, and that ship had never been able to make her mark on her voyage. I suppose it is unpatriotic in me to say so, but it is nevertheless true, that our climate presents a difficulty in this respect. The other difficulty is that to which the hon. member for South Oxford (Sir Richard Cartwright) has alluded. I must confess that although not very nervous, I would not feel particularly happy in trusting my bones in a twenty-knot ship running up the gulf. She is too near the land for that speed. You can do it, of course, in a bright day, but in a great deal of weather it would be utterly unsafe to do it. For these reasons I am afraid that it is practically out of the question to expect it. Then you have to enter upon the business of endeavoring to secure—not to keep what we have got, but to secure a high class passenger trade, and you would have to do that with the alternative difficulty, during a large portion of the year, of landing the passengers at Halifax for a long rail journey, through a country exposed to somewhat inclement weather, which circumstance will not attract a high class passenger traffic. These are the difficulties which a twenty-knot service will have to meet. Now, what would be really useful for Canada is a service of somewhere of about seventeen knots. You will get it at much less rate for ships built largely for freight carrying, ships that would be run more economically and which would retain, at any rate, our freight business which we are in danger of losing as years go on. We have given half a million on the statement that we were going to get a twenty-knot service. I hope the result will not be that we shall be asked at some future Session to sanction, or be told that we have sanctioned in advance, a grant of half a million for something entirely different from a twenty-knot service. My opinion is that a seventeen-knot service is something that we could get for much less money, and it will be relatively more advantageous to us. There is no object in telling us that our ships are capable of travelling twenty knots, unless we are going to get something like that speed out of them. I would like to see this contract prescribe, not merely that the vessel should

be capable of steaming twenty knots, but what are the limits of the voyage, and what is the length of time that you prescribe from port to port. How many days and hours are to be spent from the point of departure till you reach Quebec?

Sir JOHN A. MACDONALD. I do not wish the Committee to understand that we are limiting ourselves to 20 knots. That was the proposition in the contract, and when it was made, it was with the understanding that the vessel should be capable of steaming 20 knots. We understand that a vessel fit to do 20 knots on the measured mile in calm water, could not maintain that average speed across the Atlantic. The steamers running to New York making that average time, are running far under their capability, and, if we succeed in obtaining from a 20-knot vessel an average speed across the Atlantic of 18 knots, or something less, that is what we expect to obtain. All we desire is to have a steam line across the Atlantic so fast that the mails and passengers will not avoid the line and go to New York, but that we will have a first-class line, which, both as regards passengers and mails, will be sought by the people going across the Atlantic, and a line which will fairly compete with the steamers going to New York, in such a way that it may be considered we are fighting the battle of transportation across the Atlantic on equal terms.

Mr. BLAKE. With the advantages the New York lines now have, and the enormous competition, and the magnificent vessels that have come out within the last two years, if the hon. gentleman proposes to enter into competition for the passenger travel with the New York steamers, the proposition is something wilder than any scheme I have ever heard him propose.

Sir RICHARD CARTWRIGHT. If I have judged the hon. gentleman too harshly as to the character of this proposal and some other proposals, I may remind him that he has made over and over again promises to the House of a very extravagant character, to the non-fulfilment of which we have adverted more than once. It does not lie within the mouth of the hon. gentleman who made the statement as to the population he would throw into the North-West, as to the results of his land policy in the North-West and a good many other matters I could cite, to become very indignant because we hesitate to believe that his sanguine temperament has not again misled him in the matter of the ocean service. All who have crossed the Atlantic a good many times know very well there are very considerable practical difficulties and a most enormous increase of expense in attempting such a fast line as the hon. gentleman has described. I know I am within the mark in saying that in order to get a vessel capable of steaming twenty knots as against seventeen knots if not eighteen knots, you have practically to pay twice as much. I may remark to the hon. gentleman that the New York craft, with which he expects to compete, do maintain over a great part of the voyage an average speed of over twenty knots, as an examination of their records will show. So if he proposes to compete with them, he must not merely obtain vessels capable of doing twenty knots, but vessels capable of maintaining that speed during an ordinary

Atlantic passage, at all events during the summer season.

Mr. FOSTER. I should like to ask the hon. member for West Durham (Mr. Blake) if his remarks have reference to a seventeen-knot line? He did not state whether his attention at that time was directed to a vessel or a line of vessels of seventeen-knots capacity, or whether he proposed an average voyage of seventeen knots from port to port?

Mr. BLAKE. I think a seventeen-knot voyage is the highest you can talk of on your line.

Mr. McNEILL. I think there is perhaps some little misapprehension on the part of the Committee as to the freight which is carried by these ocean greyhounds. When the subject was up for discussion before, there were a good many conflicting statements made as to this matter. I took occasion to ask the junior member for Halifax (Mr. Kenny) early this Session to ascertain for me what was the freight capacity of these vessels. The hon. gentleman wrote to the agents of some of the companies, and he supplied me with the information. I find that in place of those ocean greyhounds not being able to carry more freight than 600 or 700 tons as suggested, the *Majestic* and *Ten tonic* are capable of carrying something like 2,000 tons of freight.

Mr. BLAKE. Certainly; they are vessels of 8,000 or 9,000 tons.

Mr. McNEILL. The impression in the House last Session was that the ocean greyhounds were capable of carrying not more than 500 or 600 tons of freight. It was so stated broadly.

Mr. BLAKE. It depends on the length of your ship.

QUEBEC HARBOR IMPROVEMENTS.

Mr. BLAKE. The Minister of Public Works some time ago had his attention called by way of a question to the earlier portion of the interesting revelations which are from time to time enlivening the pages of *Le Canadien*. On that occasion the hon. Minister acquiesced in the suggestion that it was proper to bring before the House such information as existed in the archives of the Department in respect to the letters which are touched upon and alluded to in these earlier publications. They become more interesting as they proceed, and this last batch of three letters, themselves obviously left incomplete, themselves obviously, from their context, only parts of other correspondence, do afford ample warrant for that view of their meaning attached to them, by the hon. member for North Victoria (Mr. Barron). They do not indeed implicate the Minister, and the Minister has told us, as we might expect and hope a Canadian Minister would always be able to tell a Canadian Parliament, that he knew nothing whatever about it. But they have been public property for several days, and I know not whether any kind of friend may not have anticipated the efforts of my hon. friend the member for North Victoria (Mr. Barron), to put the Minister in possession of the fact that such letters had been published, at an earlier date. Although the Minister knew nothing about the matter, I should have been glad to know from him distinctly if the reading of those letters by my hon. friend the member for

North Victoria (Mr. Barron) happened to be the first communication of the fact that such letters had been published that was received by the hon. Minister. Ill news, it is said, generally travels fast. I am surprised if this information has not reached the hon. Minister earlier than the time at which he received it from the lips of my hon. friend this day. If the information had been received, I hold it was the Minister's duty at once, for the honor of his Department, to have made a thorough enquiry into the matter which lies obviously at the source of that correspondence. I hold it to be his duty, now that it is called to his attention, to pledge himself to make that enquiry, and moreover, to indicate the results to this House. It is perfectly plain that, if the correspondence be genuine, this colleague of ours, the hon. member for Quebec West (Mr. McGreevy), was in attendance here at the time that tenders were to be considered for a great public work to be carried on in his own city; that he was here in attendance, not with the view of protecting the public interest by seeing that the lowest tenderer should get the contract, but with the view of acquiring by illegitimate means, through some untrustworthy and corrupt officer of the Department, early information, even in anticipation of the hon. Minister's own information as to the results of the calculations with respect to the different tenders, in order that a job might be put up on the Department and the public, and that some hocus-pocus work might be accomplished with the tenders. It is clear that in pursuance of that scheme, an arrangement was made whereby the moment the calculations were run through, Mr. McGreevy was to have access to them, or information as to the results. It is clear that he acquired, somehow or other, in advance, information of the fact as to who were the lowest tenderers. It is clear that he indicated to those with whom he was conspiring against the public interest, and for the private gain of the firm of Larkin, Connolly & Co., of which his brother appears to have been a member, and in whose business the hon. member is reported to have been interested, the propriety of entering into some arrangement with a person named Beaucage, to whom it was supposed the tender would be allotted, because his tender was believed to be the lowest, and this before Mr. Beaucage could know his position as a tenderer, whereby his position should be secured for Larkin & Connolly. It is clear by the final letter that, just upon the eve of the allotment of the tender, when notice was about to be given to Mr. Beaucage and Mr. Gallagher that they were the lowest tenderers, an arrangement was directed to find out some plan whereby—what? That Larkin & Connolly might be substituted in place of Mr. Beaucage, who was the lowest tenderer? No. But that Mr. Beaucage and Mr. Gallagher, who were the lowest tenderers, might withdraw in some way, might indicate that some mistake had been made by themselves or by the Department with respect to their tenders, so that the higher tender of Larkin & Connolly might become the lowest and so they might be awarded the contract. Such a condition of things could have been effective only by means of the complicity of some officer of the hon. Minister's Department. That it was so seems to be very fairly indicated by the correspondence, and, therefore, even in these last hours of the Session, I call on the hon. Minister to do again with respect to this new develop-

ment, as he agreed to do with respect to the other development, to repeat at the earliest moment his pledge that he will make an enquiry, and give us the result, so that we may not close this Session with such an apparent stain resting on the hon. gentleman's Department as exists to-day.

THE LATE MR. HUDSPETH, M.P.

MR. BLAKE. In the absence of my hon. friend, the leader of the Opposition, who has been called out of the House for a moment, I may say that, on this side of the House, we cordially concur in every word that has fallen from the right hon. gentleman. I knew Mr. Hudspeth for a great many years. He was a warm personal friend of mine from his youth; he was, as the right hon. gentleman has said, one of the kindest and most lovable souls that ever breathed, and a man of the very highest instincts of honor. He was one of those those who, in his personal career, his professional career, and his political career, never, I believe, made an enemy, and who made friends both among his adversaries and supporters wherever he went. He was one of those who very largely conduced to soften the asperities, often too great, which occur in the course of our political antagonisms, and serious as his loss is to us in his other capacities, it is most serious to us in the other element to which I have referred, and in which he stood very high indeed in the ranks of this Parliament.

RAILWAY SUBSIDIES.

(In the Committee.)

MR. BLAKE. As the hon. gentleman has intimated to us, that this is only the beginning and not the end of this policy, I think it would be well if he would say what the total liability is that the country is expected to incur, in virtue of this policy, as respects this railway? We have given a subsidy already. We are now asked to grant more, and the hon. gentleman says we will be asked again for another subsidy.

MR. BLAKE. I understand the statement of the First Minister to be practically a pledge that the remainder of this road will be aided as the commencement of it is aided. It is, therefore, necessary that we should know to what extent we are pledging ourselves. That being done, I think there may be an advantage in adopting the plan which the hon. gentleman is now adopting. In times past, the hon. gentleman has taken grants for a certain mileage, and the following Session he has proposed to apply the gross sum which he had taken for the longer mileage to a shorter mileage. It will be more difficult for him to pursue that iniquitous plan under this system, and, as he has done in the past, to double up the grants. If, therefore, the hon. gentleman states frankly to us, as he has done on these two items, what he intends to do, I think the adoption of this plan may prevent him from putting himself in the way of temptation.

MR. BLAKE. I observe that the only paper the hon. gentleman has brought down in connection with this road—though some communications I have received have led me to believe there are more papers—is a memorandum signed by the hon. member for Dundas (Mr. Hickey) on the 7th March, and another signed by Mr. J. P. Whitney

for the incorporators, both of them relating to the new corporation of this Session. In the first of these documents the hon. member for Dundas (Mr. Hickey) invites the attention of the Minister to the fact of the subsidy having lapsed, having been unearned by the existing company, which, he says, is now defunct, and he asks that the subsidy should be revived in favor of the new corporation of which, I understand, he is a promoter, as he has been for some time a promoter of Bills to achieve the object which is now embodied in the Act. I gave notice to the hon. gentleman to-day that on the occasion of this vote I should call the attention of the House to the circumstances connected with the vote of which this is a revival, and to his connection with it. Inasmuch as this formed one of those cases to which I thought the attention of Parliament and of the country ought to be directed, with reference to the connection of members with subsidised railway corporations, I had occasion, as in the case of the hon. member for Gloucester (Mr. Burns), before the last general election, to bring under the notice of the Canadian public the relations of the hon. member for Dundas to the former corporation, and I then used these words:

"The charter for the Ottawa, Waddington and New York Railway Company was obtained by a gentleman (not in Parliament) named Keefe, who was the chief promoter and mainspring of the enterprise. It is the fashion to give value to these charters by securing public subsidies. In order to give value to this charter a public subsidy was felt to be necessary. Dr. Hickey, the member for Dundas, was approached. He was given some stock; he was given a seat at the board; he was made the president of the company, so that they might obtain the proper power to work the governmental machine, so as to produce a subsidy. Dr. Hickey, M.P., presenting the merits of an enterprise which boasted of his presidency, a bonus was easily obtained from the Government, and voted by Parliament. By that means value was given to the charter; for the charter by itself simply gave authority to build and work the road, and if it had remained without a bonus, those who promoted it would have had to find persons who had confidence enough in the scheme to give money or backing enough to build it. But when \$3,200 a mile was given as a free grant, of course that at once gave value to the enterprise, and was a great additional inducement to capitalists to enter upon the scheme. They got the Village of Morrisburg to take \$10,000 of stock of which \$1,000 was paid up. The company did hardly nothing at all; the \$1,000 given in cash by Morrisburg would pay for all they did. But they did not expect to do any work themselves, or to build the road themselves. They simply expected to sell out the charter and the bonus at a great profit to those who would build the road. How do I show that? By stating that the president, Dr. Hickey, the member for Dundas, prepared a proposal for some New York capitalists to sell the charter in the form of contracting for the construction. The very first provision of this proposal was that the company must have \$15,000 paid to the order of the president, Dr. Hickey, to pay for bonds and other honorable engagements. Generally that is not the way in which contracts are made. If you were letting a contract to build a barn, or a house, you would expect to pay the contractors something for the work you bound him to do, but these bonus-hunters and charter-sellers demand that the men who are to do the work shall pay them something, and so the very first provision is that the contractors shall pay them \$15,000. It would be rather interesting to know what the 'honorable engagements' were. Perhaps at a later day I may communicate to you what they were, but at present I say nothing. The fourth provision is that the existing incorporators must retain a majority of the board (which consists of seven), to protect their interests, they binding themselves not to interfere with financial arrangements; or, they will bind themselves to give the contractors a majority on all money outlays, respecting the construction of the road and bridges. When the road is built this may lapse, if desired. Then they demand that \$50,000 shall be deposited in the banks as a guarantee of good faith, which will be forfeited to the president and board of

directors in the name of the president, C. E. Hickey, if the conditions of the agreement are forfeited. In the seventh clause, they agree to give the contractors two-thirds of the entire stock of \$1,500,000, so they will still retain \$500,000 of stock, the contractors getting \$1,000,000. Then they agree to give all the bonds and bonuses, together with any bonuses they may get hereafter, and the balance due on the Morrisburg stock, \$9,000. Then comes the tenth, the last provision, which is like unto the first. They want a liberal bonus in bonds of the first issue, or cash, for the seven promoters of the road, for labor expended and good-will."

Mr. HICKEY. May I ask the hon. gentleman from what he is reading?

Mr. BLAKE. I am reading from a report of my speech delivered at Kendal.

"The labor expenditure was mainly in getting a subsidy to be paid out of your taxes, and the good-will is in their willingness to get more. So they want \$15,000 in cash, \$500,000 in stock, and a liberal bonus in first mortgage bonds or cash, as the price of their position. I am not discussing the propriety of promoters of railway charters—though I confess I have not much confidence in the breed—trying to make the best bargain they can. What I do object to is members of Parliament, who are called upon to say whether it is in the public interest that public money should be voted to certain railway companies, who are called on to decide on the general legislation of the country, having private interest in those counties and personal relations with the Government, which must conflict with their public duty. This system is altogether a grand scheme for animating with additional fervor, large numbers of Government supporters by the consideration that they are to make profit by that support through the establishment of improper relations with the treasury.

And as a matter of fact the result is, that what we give out of your taxes to build a road is very largely diverted to line the pockets of members who become promoters of the work and who build the road or sell out the charters to others. I call to you to judge whether this sort of transaction should be allowed."

Shortly after I made that speech, and it had been reported, the hon. member for Dundas (Mr. Hickey) addressed to me a letter in rather angry terms. You can judge the kind of letter by the style of speech delivered by the hon. gentleman the other evening.

Mr. HICKEY. I will read the letter presently.

Mr. BLAKE. I am very glad. I am sorry to say I have not a copy, because I would have enlightened the Committee by reading a copy of it. I am not able to do so, but I am glad the letter is to be read. I answered that letter, and of the answer I kept a copy.

Mr. HICKEY. I have that also.

Mr. BLAKE. It is as follows:—

"POINTE AU PIC, P.Q.,
August 11th, 1886.

"Sir,—On my return to Canada after an absence of several weeks, I have to acknowledge the receipt of your letter of 22nd ultimo, in which you send several strong expressions in reference to certain statements made by me as to your connection with a railway enterprise which, as I conceived, affected your independence as a member of Parliament.

"Did your letter admit the substantial accuracy of my statements, I would be very ready to discuss with you anywhere their bearing and effect on your position as a representative of the people.

"But you deny their accuracy. It must, on reflection, be obvious to you that a public meeting at which we cannot compel the attendance and answer of witnesses, or the production of documents, or carry on an examination, affords perhaps the least satisfactory conceivable opportunity to get at the truth of disputed facts.

"There is another method, which, though not satisfactory, is at any rate better: and should you challenge me to enquire there, I shall be ready to make a statement in the House of Commons, and to support it by evidence before a Committee.

"I shall be very glad, for your sake and that of the House, if the testimony shall show that I am misinformed; but at present I regret to be unable to withdraw the statements of which you complained, as my information is very positive.

"For example, I have before me a paper which I am assured is a copy of a document prepared by you, and from which I extract the following clauses.

"1. We must have \$15,000 payable to the order of our president, Charles E. Hickey, to pay bonds and other honorable engagements.

"4. We must retain a majority on the board (which consists of seven) to protect our interests, binding ourselves not to interfere with financial arrangements; or, we will bind ourselves to give you a majority on all money outlays, respecting the construction of the road and bridges. When the road is built this may lapse if desired.

"5. We must have a sum of say \$50,000, deposited in the Molson's Bank here at our joint credit, as a guarantee of good faith, which sum must be deposited within ten days after the signing of our agreement, and which sum will be forfeited to the president and board of directors in the name of the president, Charles E. Hickey, when the conditions of said agreement have been forfeited.

"7. We will give two-thirds of the entire stock of \$1,500,000, to be divided equally on the road and the two bridges, i.e., the St. Lawrence River bridge and the Ottawa River bridge.

"8. We will give all the bonds and bonuses, together with all bonuses we may get hereafter—the stock taken by the village of Morrisburg, which is to be paid up in full, 100 shares, 10 per cent. having been paid thereon, leaving \$9,000 still due.

"10. We want a liberal bonus in bonds of first issue or cash, for the seven promoters of the road, for labor expended and good-will."

"Unless this be a connected paper, with which you had no connection, you will see that it contains the substance of that part of my statements which you seem most angrily to deny.

"I believe it to be genuine.

"I am yours, &c.,

"EDWARD BLAKE.

"CHARLES E. HICKEY, M.P.,
"Morrisburg."

I subsequently became, as the hon. gentleman is aware, possessed of the original of that document, signed by himself. At a subsequent period, as appears by documents which have become public, and which were brought before the other branch of the Legislature, the parties who were concerned in this matter, including the hon. gentleman, held a meeting. The minutes of the meeting are these:

"On the evening of the 11th June, 1886, at a meeting of the board of the Ottawa, Waddington and New York Railway and Bridge Company, held at Morrisburg, the following resolution was passed:—

"11th June, 1886.

"Moved by Ira Morgan, seconded by Neil McIntyre, That the undermentioned shares of the capital stock of the Ottawa, Waddington and New York Railway and Bridge Company, be given to the directors: for reason, as follows: To W. S. Carman, 200 shares; to Neil McIntyre, 200 shares; to Ira Morgan, 200 shares; to Chas. Odell, 200 shares; to R. C. Carter, 200 shares; to Chas. E. Hickey, 600 shares."

"Friday, 30th July, 1886.

"The Board met this day at Morrisburg, when the resolutions of the last meeting, 11th June, were read over and adopted."

And this statement was read before the other branch:

"8th October, 1886.

"I, Charles Odell, called on Dr. Hickey at his house in Morrisburg, and asked to see the minute book, not having been present at the evening session, 11th June, or at that held 30th July. On looking over the minute book I saw and became aware for the first time of the above resolution—voting the stock to the directors, without any reason assigned. I asked Dr. Hickey whether it was paid up stock in full. He replied: No, certainly not, but it was to be held merely in trust. This I could not understand, considering we held everything in trust as directors, and it was not only unnecessary to adopt such a resolution, but irregular and fraudulent."

"20th October, 1886.

"Had a meeting of the Board at the Russell House, Ottawa, at 7 p.m., re resolution of 11th June before referred to, stood the same in the book as originally."

"21st October, 1886.

"This is the day of the annual meeting of stockholders for the purpose of electing a new board of directors for the ensuing year. The said meeting was called for 3 o'clock p.m.; the board met at 10 a.m.; nothing done; adjourned until 2 p.m.; then met again; no business of importance before them. I looked over the minute book and found that an alteration had been made during the interim in the resolution of the 11th June giving the stock to directors by scoring out the word 'reason' and inserting 'services as full paid up stock.' I at once told the board I repudiated the transaction, and would state so publicly at the general meeting, which I did, explaining all the above circumstances, considering it to be a fraudulent act, and one I would not be a party to."

I believe it was what the right hon. gentleman called the little family difficulties that had arisen in regard to these transactions, which I now bring before the attention of the Committee, that resulted in the formation of the two rival boards of directors, and the attendant commotion and conflict, which, of course, would thwart the efforts of any party and diminish the chances of success. I have only to say that I have taken this opportunity, when for the first time, since the period to which I alluded, a new proposition is being made by the Government to grant a subsidy to this company, and that at the instance of the hon. member for Dundas (Mr. Hickey), to lay before the House these facts, the facts which I stated in the speech which I have read, the proof of which facts are in the clauses of the documents which I have just read, which I myself abstracted from the document, and the subsequent facts with respect to the allocation of paid-up stock to the directors, including \$60,000 of paid-up stock to the hon. gentleman himself. I do so, conceiving that it was my duty, as the hon. gentleman did not tender that challenge, which I invited him to tender to me, upon this subject before the last general election or at any time, it was my duty not to omit the occasion on which the hon. gentleman himself was promoting the grant of a lapsed subsidy for this same enterprise, under whatever form it may be promoted, to lay these facts before the Committee and the public.

MR. BLAKE. You take a great deal of unnecessary trouble, Mr. Chairman, because we all know that if you acted rigorously on the rules which you apply to some hon. gentlemen, you would strike the hon. member dumb, because he could not speak at all if he did not use these phrases. The hon. gentleman has been good enough to read one of my letters in which I expressed my opinion of the only effect that abusive epithets have, and to whom alone they are injurious. I have long entertained that opinion, which I have expressed before, and which I repeat to night; it happily leaves me in a condition of absolute equanimity under the administration of those epithets both by letter and by word of mouth. He has talked of my being guilty of vituperation. All I did was to read to you a statement which I made some years ago which is, I believe, absolutely true, and a letter which I wrote to the hon. gentleman in response to an offensive communication of his, which letter also I believe is absolutely true. It seems from what the hon. gentleman has said, and he is corroborated by the Minister of Customs, I think, that I used the

word "signed" when I spoke of this document. I have already explained that what I meant to say was that it was in the handwriting of the hon. gentleman. I do not personally know the handwriting of the hon. gentleman, but whether the document was in his handwriting or not, the question is whether it is his document. You will observe he has not denied his connection with that document, he has not denied his connection with these clauses, but he professes to defend these clauses. But one of the clauses he has not referred to at all, and it is the one which is the most important of all—clause 10:

"We want a liberal bonus in bonds of first issue or cash, for the seven promoters of the road, for labor expended and good-will."

That was really the clause of the clauses; and the hon. gentleman has not, with his absolute certainty that he is able to make the statements of that document consistent with propriety—he has not even alluded to that clause at all. I do not wish to say anything more upon this subject. I have thought fit, at the earliest opportunity I thought proper, to bring this up. I did not, as the hon. gentleman assumed, say in my letter to the hon. gentleman that I would bring it up in Parliament. I told him that if he challenged me in Parliament, I would answer him. He says there were earlier opportunities, that there were earlier Sessions—in one of which I was not here, and in another of which I was not able to act—when he propounded Bills for the incorporation of companies. These did not create a public relation between him and the Government and Parliament of this country on account of his interest in the subsidy. The subsidy at that time belonged to the other corporation, and I did not conceive that such relation was created, or was proposed to be created, till the hon. gentleman became a promoter of the application for this subsidy, and thus became once more involved in that relation to the Government and the Parliament of this country, which I conceived, having regard to his personal relation to the affairs of the railway company, was a reprehensible relation, which ought not to subsist. Upon ascertaining that, and finding that the hon. gentleman was promoting a new enterprise, and asking for the old subsidy, it seemed to me that it was fitting I should acquaint the House and the country with the state of facts, which I have brought forward in the extracts from my speech, and in the letter which I have read, and these are not denied.

Mr. CHAPLEAU. It is the ordinary clause.

Mr. BLAKE. No, it is not the principle upon which these subsidies are given at all. It is a clause which is sometimes introduced into aids given to railway companies, but the principle on which the subsidies are given is a mileage clause; no matter what the difficulty of the work may be, so much a mile is given. That is the ordinary principle.

Mr. CHAPLEAU. No.

Mr. BLAKE. Why, then, do we find a special provision here, because all the difference then would be that, instead of paying by sections of ten miles, we would pay by the sections given here. If that is what is intended, there is no need for this closing paragraph.

Sir JOHN A. MACDONALD. The whole amount of the subsidy is \$5,161 per mile. This road passes through a very broken country, so that some sections will cost much more than others. One section may cost \$5,000 and another only \$2,000 per mile. There would, therefore, be sufficient kept back from the less difficult sections for the purpose of adding to the assistance given the more difficult ones.

Mr. BLAKE. That I understand, and that is special, and not as the Secretary of State says, the ordinary arrangement.

Mr. CHAPLEAU. This is the ordinary clause, except that it is not by sections of ten miles. The ordinary clause provides for payment by sections of ten miles; but in this case each section will be paid for, per section of ten miles, according to the proportion of value of those ten miles to the whole work undertaken.

Mr. BLAKE. No.

Mr. CHAPLEAU. My hon. friend may say no, but I say yes. If my hon. friend will look at the end of all these resolutions, he will find exactly the same provision for each ten miles as for each of these sections. I may tell my hon. friend that the difficult part of this road is between the twentieth and thirtieth mile. This resolution has not been made in this form on purpose to draw subsidies for one section more than for another; but it has been so divided because the Canadian Pacific Railway, in making the agreement which has been ratified by this Parliament, said they would guarantee a loan of \$4,000 on each section. The clause is the ordinary clause, and the appropriation is the ordinary appropriation.

Mr. BLAKE. It may be so.

Mr. CHAPLEAU. It is so.

Mr. BLAKE. Then, there is no reason why there should be a special provision here which we do not find appended to the other resolutions at all. In the case of a railway, in which the proposed subsidy is more than half as large again as the ordinary subsidy, it becomes all the more necessary to take care that the subsidy is not disproportionately expended on some portions of the line; and although in principle there can be no objection at all to a proportionate expenditure, yet that necessarily involves a very careful instrumental survey and estimate right up to the end of the whole seventy miles, as otherwise the subsidy may be found to come very short indeed. There may be but a perfunctory examination and valuation; the difficult sections may appear to be those which have first to be grappled with, as the difficulties which have to be met a year or two later may appear less than those which are nearest. So it is absolutely necessary, if that is to be done, particularly when the subsidy appears to be larger in proportion to the whole cost of the work than is usual, that the examination and survey should be complete and that we should have an account of how many more rivers we have to cross. So I think it is desirable that we should know the difficulties which may occur. There is another vote later on for the Quebec and Lake St. John Railway. We have already given a large subsidy to that railway, but it is not the Secretary of State who takes a paternal interest in that, but the Minister of Militia, and his turn will come.

I see that in that connection we are to be asked to vote a sum for a bridge, which is something altogether new. I simply mention this to show that it is important that we should see that we are not led into further expenditures than Parliament expects to grant.

Mr. BLAKE. I have no doubt that that portion of Nova Scotia to which this resolution refers, in common with certain other portions which have received assistance at various late Sessions, has been very much neglected, and its progress retarded for the want of railway communication. I think it is deeply to be regretted in the interest of the whole Province of Nova Scotia that what I must call the profligate railway expenditure which has taken place in other parts of that Province, should have resulted in a failure to meet the real wants of the Province. The expenditure which has taken place in connection with the Oxford and New Glasgow Branch, being constructed at the Dominion expense, and other transactions which have resulted in lines now constructed at the Dominion expense, have produced this result: that the gross sum which the Dominion has paid, and for which it is now liable, shows a very undue disproportion in Nova Scotia relatively to the other Provinces. Take the lines to which I have referred in the counties of Cumberland, Colchester and Pictou, and take the Cape Breton Railway which is being constructed wholly at the expense of the Dominion; take the line in connection with the Gut of Canso, which has been acquired at the expense of the Dominion, and you find this large mileage of railways, some of them producing hardly any appreciable Dominion result at all, others producing some good result, no doubt. I will repeat what I said on a former occasion in the course of this very lavish expenditure for Nova Scotia, when I found in that region with which we are now dealing, an absence of appropriation altogether—I say this region is deserving of consideration, and I only wish the enormous expenditure in Nova Scotia, on the part of the Dominion, had been more judiciously made, and then it would not be found necessary to give this grant, which will not answer the whole exigencies of that Province, and may be inadequate to answer this particular purpose. I think we would have found plenty of money, on the general principles which we have applied in aiding railways for local purposes in Nova Scotia, to do everything that ought to have been done.

To the Inverness and Richmond Railway Company, for 50 miles of their railway from Port Hewkesbury to Broad Cove, a subsidy not exceeding \$1,000 per mile, nor exceeding in the whole \$50,000.

Sir JOHN THOMPSON. This is a line of railway running on the northern side of the Island of Cape Breton. It was fully discussed before the Railway Committee this Session, and the charter of this company was protected from interference by the rejection of another charter. The railway is to connect with the Government railway at Port Hawkesbury and to run along the coast towards Port Hood and Broad Cove. That side of the Island is studded with coal deposits, all of which are recognised as being highly important and extensive. The construction of the road, after it leaves Port Hood, towards Broad Cove, is not very difficult. The company is incorporated by the Provincial Legislature, which

will probably subsidise it; the County of Inverness has likewise subsidised it. The information that I have in regard to it is that the construction of the fifty miles along that coast towards Broad Cove, is not a very difficult piece of work, and for that reason we are only asking for a subsidy of \$50,000, which is little more than \$1,000 per mile, in addition to which it receives a provincial subsidy of \$3,200 per mile, and expects to receive a municipal subsidy as well. The line as authorised by the Provincial Legislature, extends beyond that to the northern point of the Island, but the construction there is altogether problematical, and unlikely to take place for many years to come. It likewise includes a branch from Broad Cove to Grand Narrows, which portion of the work we are not asking to subsidise. We are asked to subsidise those portions which, I understand, the Provincial Legislature has subsidised.

Mr. BLAKE. Do I understand that \$1,000 a mile is all that was asked?

Sir JOHN THOMPSON. It is not all that was asked by the company, but it was all that was asked by the friends of the enterprise in the county.

Mr. BLAKE. I looked hurriedly over the papers and it seemed not only that this amount was asked, but that the Provincial Legislature's agreement to grant a subsidy was dependent on the action of this Parliament, and I was apprehensive that we would find ourselves told next Session that the arrangement had failed, and it was necessary to grant a larger sum. I observe by the Estimates, which we fortunately have in this case, and we have a little more information than usual, that the road is not an expensive one and that the County of Inverness gives \$100,000.

Sir JOHN THOMPSON. The agreement provides that the County of Inverness shall give not less than \$50,000 spread over these fifty miles.

Mr. BLAKE. That is \$1,000 per mile; then there is this \$3,200 per mile outside of the Provincial subsidy. Has the hon. Minister of Justice satisfied himself reasonably that the scheme of the company can be carried out as regards the fifty miles for \$5,200 per mile?

Sir JOHN THOMPSON. I have, to a reasonable extent. The satisfaction I have had on that point is to this extent: The company, while pressing very strongly its claims for subsidies on the Dominion and the Provincial Government, actually went to work and built and graded a considerable mileage without having any contract with the Government, and they have spent a very considerable sum of money. I think they have graded about twenty-five miles. They have, moreover, entered into contracts for a large supply of ties and so on. The parties making the advances are capitalists, whose means I am assured of; but, in addition, the company have secured the assistance of capitalists in the Province, who have placed a considerable sum in the enterprise, and they have done so without any assurance that it will receive even the ordinary subsidy. Although the portion of the district through which the railway runs is not a very populous one, its indications of strong support from persons connected with that part of the country, some of them are my personal friends, indicate to me that the company has more

backing than I would have expected it, as a new enterprise of this kind. The company has gone forward at the risk of no aid being given. I do not wish the House to understand that this is the total amount asked by the company, but this aid, together with that of the Local Government, will enable the company to carry out the undertaking, I am told. The Government at a future time might think proper, in answer to an application by the company, to subsidise the branch from Broad Cove.

Mr. BLAKE. I am very glad to hear the statement of the hon. Minister, because those who recollect the first stage through which a little scheme passed, will remember that it was urged that the Cape Breton Railway was to be a simple subsidised road, and that we were to provide the necessary railway communication at very small cost. We recollect that in the end the Dominion Parliament were called on to undertake the building of that railway, certainly not with any view that we should be called to give further aid to Cape Breton. An examination of the route of the railway made it plain that it did not serve any very important railway purposes with respect to the region to which the hon. gentleman is referring, and it was clear that if railway accommodation were required for Cape Breton there would still be a gap to be filled some other day.

For completing the Montreal and Sorel Railway Company, from Montreal to Sorel, \$40,000.

Mr. BLAKE. I thought this railway was a built railway, and a bonded railway, and a fencible railway.

Sir JOHN A. MACDONALD. It was built some years ago and was for a time operated by the Grand Trunk Railway, but they refused to continue to operate it on account of its being so dilapidated. We then granted a subsidy to put it in safe condition for traffic, but through lack of funds it was allowed to get into disrepair and was partially closed. The present subsidy is to give aid to put it in good repair.

Mr. LAURIER. I would ask the hon. gentleman if he has taken the trouble to obtain a statement from this company as to how this money has been applied? When a company which has been in operation like this one, comes again seeking favor from the Government, it seems to me, that the least they should do is to have their books audited by the Government to see how the money was applied. I believe that if there had been proper management of that road, there is no reason why it should be in a dilapidated condition to-day. This railway is built through an even country, it has been favored, I understand, by grants of right of way, there is no river, between Montreal and Sorel, except the Richelieu, and they have no bridge over the Richelieu, and it seems to me that no railway could be built at a cheaper price than this one. It seems a very extraordinary thing that a road, which has been in operation for not more than eight years, if that long, should be in such a dilapidated condition now.

Mr. BLAKE. This seems to be one of those roads, I think among the earliest of the latter series of roads, which has been the cause of very great discredit to this country, by reason of the operations on the London market, of those who were concerned in it. The most severe reflections

have been made upon the persons who were concerned in the issue of the bonds of this road, and Canadian credit generally has suffered very much by it. If a company, after building a road in this way, and after actually opening their road, comes to Parliament and obtains a grant in order to repair it and enable it to be opened again, gets that grant, uses it or misuses it, I know not which, keep the road open for a little while longer, then closes it again, and comes back to Parliament for another grant in order to put the road in repair so that it may be operated—where is this to stop? What guarantee in the world have we, if we make this grant, that this sort of thing is not to go on for ever? This condition of things seems to me to be intolerable. A business-like inspection of the affairs of the company should have been made in the first place to see that the management of the road was such that the aid proposed to be given would put it in proper repair, but now we find the road closed again, and we are called upon to pay money to keep it open. Where is this going to stop?

Sir JOHN A. MACDONALD. The first vote was \$1,600 a mile, and I suppose that the money raised in addition to that sum by bonds and otherwise was insufficient to make the road a first-class permanent road. There was a great deal of trestle work, which partly accounts for the road getting into disrepair. I dare say that if it had got \$3,200 a mile it would have been built as a first-class railway, as it ought to have been built. But when we are informed—I was not aware of the fact until just now—that the road got only half the subsidy given to other railways, I think the hon. gentleman can well allow this road to be put into full and complete repair. The first building of the railway was carried on by the company, and all the Government had to do was to examine 10 miles when built. However, this money will not be given at all to the company. Warned by previous experience, we have decided that the money shall be expended under the direction of the Government officers just as if it were a Government railway.

Mr. BLAKE. The hon. gentleman says that this road would probably be all right if the company had before received \$3,200 a mile. But we on this side of the House knew that it had received only \$1,600 a mile, and we knew the reason why. It was because this road was built and running when the system of subsidies was invented, and the amount of \$1,600 was to repair it. It was not to build the road; but it was so badly built or was so old, or the company had managed it so badly, that the road had got worn out, and to repair it and make it as good as new, the hon. gentleman made that grant. This time the company are not to be trusted; but we all know that the Government are to be trusted; they never make extravagant expenses; they are economical; and so the hon. gentleman gives us to understand that this economical and wise Government will take charge of the expenditure of this money. But what security have we that the road will be kept in repair after that? First, the company built the road; then they ran it down; we subscribed \$1,600 a mile to get it repaired again; then they ran it down again; and now we are to vote \$40,000 to repair it again. What certainty have we that the road

will not be run down again? There must be something wrong with the road or with the corporators, perhaps with both. If the hon. gentleman had explained to us how this road, after being once built, could not be kept open, and how after having been once repaired, it could not be kept open a second time, and how the same thing was not going to occur after this third grant, we might have some reason for it. We know nothing of the cause of the former failures, and we know not that the same cause may not continue to exist and produce a third failure.

To the Pontiac Pacific Junction Railway Company for $7\frac{1}{2}$ miles of their railway, from Hull to Aylmer, a subsidy not exceeding \$3,200 per mile, nor exceeding in the whole, \$24,000.

Mr. BLAKE. This seems to be another innovation. It is not a subsidy to build a railway or to repair a railway; it is a subsidy with reference to some $7\frac{1}{2}$ miles of a railway which already exists and is in repair; it is to assist the Pontiac Pacific Junction Railway Company to buy that piece of road from the Canadian Pacific Railway Company. The Canadian Pacific Railway Company can either lease it or sell it to the Pontiac Pacific Junction Railway Company; but the proposition is that we shall contribute towards the purchase money the sum of \$3,200 a mile. What public interest in the way of development is to be served by this subsidy? The road is not going to be sold at more than it is worth, and if the Pontiac Pacific Junction Company buy it at what it is worth, they can afford to pay what it is worth. But I believe this is not the first time that we have been called on to pay for this road, for I think it is part of the Quebec, Montreal, Ottawa and Occidental Railway, which was built by the Province of Quebec, and was sold by the Province of Quebec to the Canadian Pacific Railway Company at a discount, and in respect of which this Parliament afterwards contributed to the Province of Quebec a large sum, about, I think, \$1,000,000, to make up the difference between the cost and the value of the road. The Province of Quebec having on the sale lost a considerable sum, it appealed to us in reference to the general proposition of the extension eastward of the Canadian Pacific Railway. It appealed to hon. gentlemen opposite in various ways. It appealed by petition; it appealed by memorials; it appealed, not by open representations in Parliament but by the convention in No. 8; and it succeeded in obtaining a large grant from the Dominion revenues to make good its loss on that operation. The Dominion paid the loss to the Province of Quebec, or so much as it was thought equitable to pay, in respect of the whole line which had been sold; the Canadian Pacific Railway had acquired it, and I thought we were quit of it. Then the Pontiac Pacific asked for leave to acquire it, and the Canadian Pacific Railway got leave to dispose of it. Why then should we step in now and pay \$24,000 more to the Pontiac Pacific Junction Railway Company, to enable it to pay a part of the price of the acquisition of this railway. I observe that the application made in this report asks the Government, in making the grant or any other grant to the Pontiac Pacific Junction Railway, to have regard to the creditors of the road, those employed on the road, and also to the interests of the country. Some of us may yet remember the cir-

cumstances connected with the earlier agitations for subsidies for this road, a considerable portion of which have been paid, and some of which, I believe, remain as yet unpaid, in which it turned out that an understanding had been reached between the authorities on behalf of the County of Pontiac and the railway itself that, for whatever aid the representatives of the County of Pontiac might be able to acquire from a kindly and paternal Government and a generous people, the County of Pontiac should receive credit, I believe, from time to time. The county of Pontiac had given \$100,000 in bonds as its contribution to this road; and if Parliament here were to grant \$100,000 or \$50,000 towards that railway, then Pontiac county was to get the benefit of it; so that the application made to us here, and which was conceded, was in substance, although not in terms, a grant in ease of the county of Pontiac, to save it from the payment of its municipal bonus. I believe this was the arrangement, although it was not signed, sealed, or defined in some formal instrument. I believe it is not yet, but perhaps may be implemented. But such it was. I think the hon. the Secretary of State, who, I am glad to say, just come in, has a good deal to do with this railway. He and Mr. Church and a few others were the board of directors; and during the period of the earlier events of which I have spoken, the hon. gentleman was interested, to a very large extent, in the road. I do not know if his interest still continues, but I should like to know from the Government how it is that, under these circumstances, it is proposed we should purchase, on behalf of a railway company, an existing railway, which that company is able to acquire at its value, and in respect of which we have already expended quite a considerable sum.

Mr. CHAPLEAU. I had no interest in that road, and I am not interested in defending this vote. A subsidy was voted in 1884 for a line from Hull to Pembroke.

Mr. BLAKE. No; it was from Hull or Aylmer.

Mr. CHAPLEAU. From Hull or Aylmer? That is to say, it was from Hull. In 1884, the House voted a subsidy from Hull to Pembroke.

Mr. BLAKE. From Hull or Aylmer?

To the Quebec Central Railway Company, for 90 miles of their railway, from St. Francis Station on the Quebec Central Railway to a point on the Atlantic and North-Western Railway, near Moose River, or from a point on the Quebec Central Railway between the Chaudière River and King station, to a point on the International Railway at or near Lake Mégantic, in lieu of the subsidy granted by the Act 51 Victoria, chapter 3, a subsidy not exceeding \$21,394.54 per annum for twenty years, or a guarantee of a like sum for a like period, as interest on the bonds of the Company, such annual subsidy for twenty years representing a grant in cash of \$238,000.

Mr. BLAKE. Was the subsidy formerly granted otherwise than in this shape?

Sir JOHN A. MACDONALD. Always, with the guarantee and all.

Mr. BLAKE. I suppose we do not guarantee the bonds until construction.

Sir JOHN A. MACDONALD. The hon. gentleman will see that the conditions are set forth in the latter part of these resolutions.

To the Quebec and Lake St. John Railway Company, for a railway bridge over the St. Charles River, to give access to the City of Quebec, a subsidy not to exceed in the whole \$30,000; also for 12 miles of their railway from Lorette *via* Charlesbourg, to Quebec, a subsidy not exceeding \$3,200 per mile, nor exceeding in the whole \$38,400—\$68,400.

Sir JOHN A. MACDONALD. This road now connects with the Canadian Pacific Railway about five miles out of Quebec; they have found it a roundabout way of reaching Quebec, and the line has to encounter a very heavy grade.

Mr. BLAKE. What is the estimated cost of the bridge?

Mr. ADOLPHE CARON. Upwards of \$200,000. It is a very large bridge, crossing the River St. Charles opposite the gas works.

Mr. BLAKE. What is the estimated cost of the 12 miles of the road?

Sir ADOLPHE CARON. It is an expensive piece of road. I have not got the estimate, but the right of way is very expensive, as it comes down through one of the best portions of the country. Some of the grades are heavy.

Mr. BLAKE. We all know that it would cost more than \$3,200 a mile. That is a heavy piece of road, the right of way is going to be expensive, it is going to include the termini. So this will amount to \$240,000 for the railway and \$200,000 for the bridge, or \$440,000, to which must be added \$60,000 for pickings, which is very moderate in that locality, or in all half a million dollars. But the road has already access to the city of Quebec over the Canadian Pacific Railway, and it is thus proposed to spend half a million dollars to give them better facilities for entering the city. I think that this proposed grant could be very much better expended.

To the St. John Valley and Rivière du Loup Railway Company, for 22 miles of their railway from the village of Prince William towards the town of Woodstock, in lieu of the subsidy granted by the Act 50-51 Victoria, chapter 24, a subsidy not exceeding \$3,200 per mile, nor exceeding in the whole \$70,400.

Mr. BLAKE. But the hon. gentleman must remember that, although the First Minister may desire to calm the perturbed feelings of the hon. member for Albert (Mr. Weldon), the First Minister is going to throw the whole community into a state of agitation, for the hon. gentleman has already said that the Intercolonial was burden enough for this country to bear, and that he had no idea of taking over the branches.

INDIAN ADVANCEMENT ACT.

Mr. BLAKE. I wish to remark on only one section of this Bill, that is, section 9. If I understood the Minister aright, he says it is introduced at the request of some council of the Indians; but I do not think even that circumstance, extraordinary as it is, is a justification for the introduction of this provision in the Statute-book of Canada. That section provides for the punishment by imprisonment of any Indian proved guilty of deserting his or her family, wife or husband, as the case may be, without just cause, or of living in concubinage. I do not see on what principle we can undertake to apply very much more severe penalties, or a higher standard of morality to Indians, than we propose to enforce among the white population of this country. You say the Indians are less advanced than we are, that they occupy a lower position in morality, that some of them are pagans, that the christianity of some of them is not as high as we boast our own to be; they are to be guarded carefully; but then why in the world should you propose to enforce, by the criminal law, these provisions against them when you do not in the same way enforce such provisions against whites?

On section 11,

Mr. BLAKE. The words "an Indian on the reserve" would mean an Indian who lives on a reserve.

Mr. PATERSON (Brant). This will be circumscribing their liberty very much. You would not be allowed to go on a reserve and have any dealings with the Indians, not even to sell to them for cash.

Mr. DEWDNEY. This is to prevent traders from starting stores on a reserve without consent.

Mr. PATERSON (Brant). In absolutely forbidding any trading on a reserve, you would prevent Indians engaging in perfectly legitimate dealings. This, of course, applies to all the bands. Take the reserve in my riding, where the Indians are advanced. They engage in buying horses and cattle, and if they should do so on the reserve it would be illegal.

Mr. BLAKE. You had better apply your law to the locality in which the mischief arises and not anywhere else.

Mr. McNEILL. Very often traders bring liquor with them on to the reserve to sell to the Indians. In my constituency the Indian agents have complained of men coming on the reserve to trade but really to sell liquor.

Mr. BLAKE. Better amend the clause by making this portion refer only to Manitoba and the North-West.

